

ORIGINAL



April 20, 2001

EX PARTE FILING

Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Notice of *Ex Parte* Presentation

Dear Ms. Salas:

On April 17, 2001, Jake E. Jennings, Vice President of Regulatory Affairs, NewSouth Communications, and Dave Conn, Deputy General Counsel and Vice President, Product & Policy, McLeod USA met with Kyle Dixon, Legal Advisor to Chairman Powell. We also met separately with Jordan Goldstein, Legal Advisor to Commissioner Ness.

The purpose of the meeting was to discuss the need for the Unbundled Network Element Platform ("UNE-P") from a facilities-based CLEC's perspective. Specifically, we noted that using the UNE-P allows CLECs to expand their service offerings, make efficient use of capital expenditures, and provide flexibility in their service offerings. Attached to this letter is a copy of the handout we presented to Commission staff at the meeting.

Pursuant to sections 1.1206(b)(1) and (b)(2) of the Commission's rules, an original and one copy of this letter are being filed with the Office of the Secretary. Copies of this letter are also being served on the Commission personnel who participated in these meetings.

Any questions concerning this submission should be addressed to the undersigned.

Respectfully,

James J. Jennings

James J. Jennings
Vice President, Regulatory Affairs

attachment

cc: Kyle Dixon
Jordan Goldstein
Dave Conn

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NewChoice. NewTechnology. NewValue.



The Year 2001

Profitability



To be the dominant super-regional
competitive broadband integrated
communications provider (ICP),
focused on the southern United States,
providing comprehensive data and
communications services with
world-class customer care to the
business community while maximizing
shareholder value.

Company Overview

- Founded 1997
- Regionally focused, “SmartBuild SmartSell” ICP
- Employee-Owned Organization with Highly Qualified & Experienced Management Team
- Acquired UniversalCom, Inc in July 2000 – The Gulf Coast’s leading data engineering, CLEC & equipment company
 - ◆ ICP
 - ◆ Systems Integrator
 - ◆ ISP
 - ◆ Interconnect
- ◆ Received additional \$85 million in funding (March, 2001)

Company Overview (continued)

- **NewBundle™** - the most complete bundle of products, services and billing in the Southern region. Product line includes:
 - ◆ **NewSolutions™ & Preferred Property™** (Shared Tenant Offering)
 - ✓ Internet, Data, Private Networking and LAN/WAN services
 - ✓ Voice and Enhanced services
 - ✓ Data and Telephone equipment
 - ✓ Provided over DS1 UNE loop

Company Overview (continued)

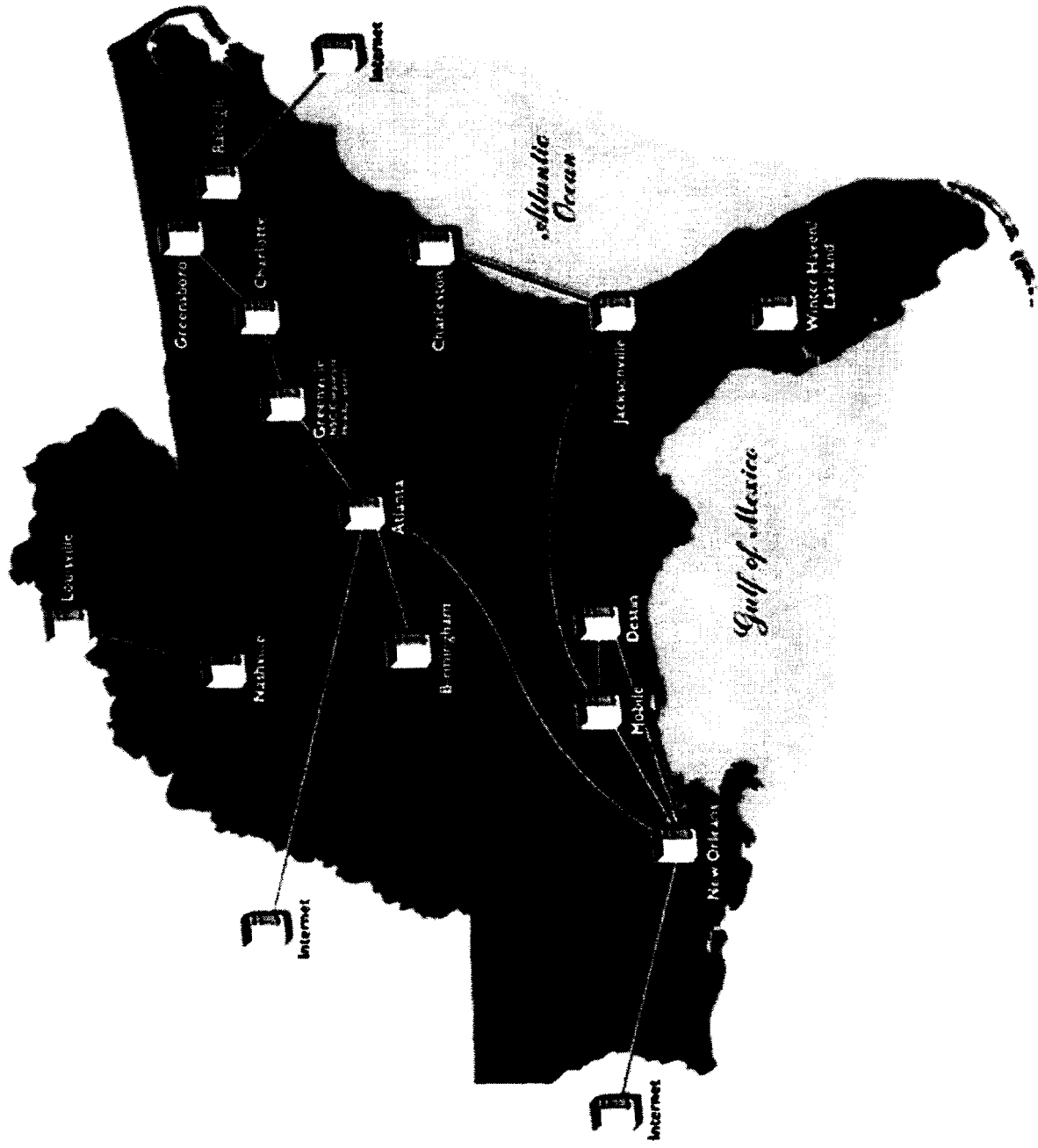
- Services Provided throughout the South via:
 - ◆ Fourteen (14) Data & thirteen (13) Voice Gateways
 - ◆ 80+ end-office collocations & 53+ POPs enable NewSouth to interconnect to over 800+ BellSouth, GTE and Sprint/United wire centers directly or via Enhanced Extended Loops (EELs)
 - ◆ Cost effective UNE-Ps enables accessibility to 3,400 ILEC wire centers
 - ◆ State-of-the-art network powered by Cisco New World & Lucent Technologies 5ESS AnyMedia™ Data & Voice platforms of packet switches & advanced routers
- Average On Net Customer - 20 lines
- Basic On Net offering - 8 Voice plus 4 Data

Targeted Geographic Footprint

- 14 Data & 13 Voice Gateways
- 42 Regional & District Sales Offices
- 100+ Markets
- 800+ Interconnectable Wire Centers
- 3,400 Accessible Wire Centers
- Focused on the South



NewSouth Data Network



NewSouth Primary Internet Gateway

These 3 routers provide redundant, diverse connects to NewSouth's peering partners and Internet transit providers

NewSouth Network Switching Node

These ATM switches and routers form the core of NewSouth's data network

Internet Peers & Transit Networks

These 3rd party routers form the "gateway" functions corresponding to NewSouth's Primary Internet Gateway Routers

OC3	OC3
Multiple DS3s	Multiple DS3s
DS3	DS3
Multiple T1s	Multiple T1s

NewSouth Data Network Uses

➤ NewSouth Customer Product/Service Lines:

- ◆ NewSouth.net
- ◆ *SREAMIN* DSL
- ◆ Web Hosting
- ◆ NewSolutions™
(approximately 33% of revenue is data related)
- ◆ LAN/WAN Services
- ◆ Hardware (renting and selling of switches, routers, etc.)
- ◆ 12/00 – 3/00 Product Launch
- ✓ Private & Virtual Private Networking
- ✓ Security / Firewall Services
- ✓ E-commerce & Web Creation

➤ NewSouth Corporate: Web Hosting & NewSolutions™)

- ◆ VPN Lan Connections
- ◆ Corporate Internet Access (1,200+ NSC partners online)
- ◆ Network Management for switch sites
- ◆ Video Conferencing.Network (ATM Use)
- ◆ Network Management for SS7 Network
- ◆ Research and Development

Need for UNEp

- **Expand Service Offering**
- **Allow for efficient use of capital expenditures**
- **Provides flexibility in service offerings**

Expand Service Offering

- Small business customers – 5-16 lines are not economically served by facilities-based CLECs
 - ◆ Over 500,000 prospective business customers available outside Top MSAs in BellSouth's territory
 - Vast majority served by BellSouth
 - NewSouth – installed over 2000 lines on UNEp within last few months.
 - UNEp – Significant aspect of new business plan
 - NewSouth to target an additional 28 MSAs
 - Tier II-IV markets
 - Satellite Customers (e.g., Bank Branches)

Need for UNEp to Serve Customers

➤ Additional Capital Investment required

- ◆ Switching modules
 - Soft switch technology is not practically available for small business customers
- ◆ Collocation expansion costs
- ◆ Detracts from focusing on data services to other business customers

➤ Efficient use of Capital Expenditures

- ◆ Financial market requirements – positive EBITDA

Services provided via UNEp

➤ Data Services

- ◆ Combine DSL with UNEp
- ◆ 256K Internet Access (provided by on-net Frame Relay connection)

➤ Enhanced Services

- ◆ Cisco 1720 Router
- ◆ Web Hosting
- ◆ E-mail boxes

Relief Requested

- Expand cut off to DS1 UNE loop within Top 50 Markets
 - ◆ Economic basis for providing facilities based service
- Reject Allegiance's new standard (No UNEp for business customers in MSAs with 4 or more collocators)
 - ◆ Ignores market place realities
 - ◆ Ignores customers not receiving service